



MILPITAS PLANNING COMMISSION STAFF REPORT

February 11, 2015

APPLICATION:

Holiday Inn Suites, Site Development Permit No. SD14-0016, Conditional Use Permit No. UP14-0017, and Variance No. VA14-0001

A request for a Site Development Permit, Conditional Use Permit, and a Variance to construct a 128-room, four-story hotel with various site improvements on a 3.29 acre site, and to allow for the hotel use, a Floor Area Ratio (FAR) increase, and a deviation from the setback requirements.

RECOMMENDATION:

Staff recommends that the Planning Commission:

Adopt Resolution No. 15-006 recommending to the City Council approve the Site Development Permit No. SD14-0016, Conditional Use Permit No. UP14-0017 and Variance No. VA14-0001 to construct a 128-room, four-story hotel with various site improvements on a 3.29 acre site, and to allow for the hotel use, a Floor Area Ratio (FAR) increase, and a deviation from the setback requirements located at 1100 Cadillac Court, subject to findings and Condition of Approvals.

LOCATION:

Address/APN:

1100 Cadillac Court (APN: 22-57-001)

Area of City:

California Circle

PEOPLE:

Project Applicant:

Joey Blagg, Prime Group Construction, Inc.

Consultant(s):

Chris Hayes, Kier and Wright Civil Engineers and Surveyors, Inc.

Caitlyn Gilmore, Schaaf & Wheeler Consulting Civil Engineers

Ray Morneau, Certified Arborist

Joshua Carman, Illingworth & Rodkin, Inc. (Acoustic & Air Quality)

Courtney Monheit, AEI Consultants Environmental and Engineering Consultants

Property/Business Owner:

Sharad Khandwala and Saahil Khandwala, Alps Group Inc.

Project Planner:

Tracy Tam, Assistant Planner

LAND USE:

General Plan Designation:

Industrial Park (INP)

Zoning District:

Industrial Park (MP)

Overlay District:

Site and Architectural Overlay (-S)

ENVIRONMENTAL: Categorically exempt from further environmental review pursuant to Section 15332 (In-Fill Development Projects) of the California Environmental Quality Act (CEQA).

EXECUTIVE SUMMARY

The project was initially noticed for a public hearing before the Planning Commission on January 28, 2015 and continued to February 11, 2015 to provide the applicant additional preparation time. The proposed project includes entitlement requests for the construction of a 128-room, 4-story hotel, complete with a hotel restaurant, full bar, outdoor hotel amenities, and meeting areas. The proposed project also includes a variety of on-site improvements such as construction of a parking lot, landscaping, and on-site lighting. The project requires: a Site Development Permit for the construction of the hotel and site improvements; Conditional Use Permit for the hotel use and a restaurant with a full bar (all types of alcohol); an increase in the maximum permitted total Floor Area Ratio (FAR) from 0.50 (50%) to 0.52 (52%); an increase in the height of the building from three (3) stories or thirty-five feet (35'-0") to sixty-eight feet and eleven inches (68'-11"); and a Variance for a deviation in the side setback requirements.

Figure 1: Project Location

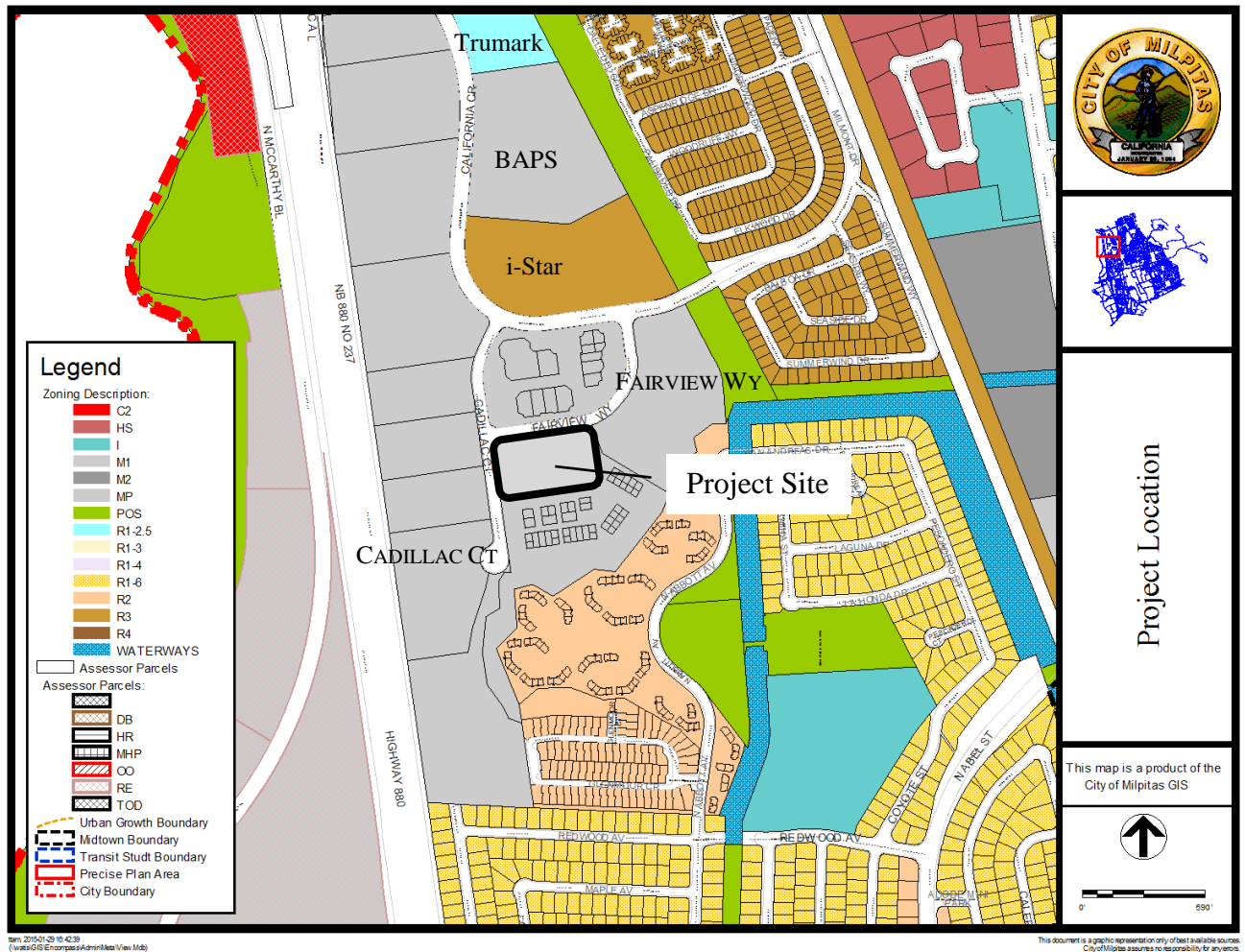


Figure 2: Project Site



BACKGROUND

History

On December 10, 2014, the Planning Commission Subcommittee approved a Minor Site Development Permit to remove twelve (12) protected trees and six (6) non-protected trees. As stated in the arborist report, most of the trees were in very poor condition. The protected trees are mitigated at a 3:1 replacement ratio and the non-protected trees are mitigated to a 2:1 replacement ratio on site within the proposed landscape plan.

The Application

The following is a summary of the applicant's request:

- *Site Development Permit:* To allow the construction of a 128-room hotel with site improvements.
- *Conditional Use Permit:* To allow the hotel use, a restaurant use with a full alcohol bar (spirits, beer and wine), an increase in F.A.R., and an increase in building height.
- *Variance:* To allow a deviation from the side setback requirement.

PROJECT DESCRIPTION

Overview

The proposed project is located on a 3-acre parcel and includes a 128-room hotel with site improvements that include: construction of a new parking lot; landscaping; site lighting; and hotel pool and spa. The proposed project also includes a new six-foot wide sidewalk with a four-foot wide landscaped parkway planter along the public street frontage.

Location and Context

The project site is located to the City's northern boundary and within the Dixon Landing Business Park (California Circle) area. The site is vacant and contains various trees, shrubbery, and dead vegetation. The project site is surrounded by one to two-story industrial buildings within an overall business park setting. Vicinity and location maps of the subject site location are included on the second page.

PROJECT ANALYSIS

General Plan and Zoning Conformance

The General Plan designation for the subject property is Industrial Park, which is intended to accommodate research, professional, packaging and distribution facilities in a park-like setting, free from noise, odor and other such nuisances. The project is bounded by the Industrial Park (MP) Zoning Designation to the north, south, west, and east. The proposed hotel use is a conditionally permitted use in the Industrial Park Zoning Designation.

The proposed project building, landscaping and site development has been designed to be compatible with and strengthen the identity of the Dixon Landing Business Park. The project is consistent with the General Plan in that it contributes to the City's economic development goals and provides the necessary public infrastructure improvements such as improving the project

frontage and improving the public streets on the project frontage (as conditioned). The proposed project contributes towards the City's economic development goals by providing a location for overnight business and visitor accommodations along with increased property tax, sales tax, and Transient Occupancy Tax (TOT). The project demonstrates consistency with the General Plan in that it conserves water by using a drip irrigation system and proposes landscaping that requires low to moderate water usage. Lastly, the project is consistent with the General Plan in that it provides on-site bicycle infrastructure.

Climate Action Plan Conformance

The project will include all mandatory requirements per the California Green Building Code, CalGreen, as well as additional measures related to energy conservation, water efficiency and indoor air quality. It also includes sixteen (16) clean air and vanpool parking spaces, one (1) electric vehicle charging station, and a bicycle rack for eight (8) bicycles. The project will be built to LEED Silver standards, as required by CalGreen and local ordinance.

The proposed project is in compliance with the City's Climate Action Plan as documented in a report by Illingworth & Rodkin Inc., and as required in the Conditions of Approval. For example, the project will be LEED Silver, comply with the Water Efficient Landscape Ordinance, prewire the building for solar photovoltaic systems (Condition of Approval #28(A)), provide for pedestrian accessibility, implement Transportation Demand Management Program (Condition of Approval #28(C)) for employees, provide parking stalls for low-emissions, fuel-efficient vehicles and carpool/vanpool, and provide an exterior electrical outlet (Condition of Approval #28(B)).

Development Standards

The proposed project conforms to the development standards required in the Industrial Park (MP) and Site and Architectural (S) Overlay Zoning Districts. The table below demonstrates project consistency with these development standards.

Table 1: Summary of Development Standards

	Standard	Proposed	Complies?
<u>Setbacks</u> (Minimum)			
Front	35'-0"	330'-9"	Yes
Street Side	35'-0"	42'-6"	Yes
Interior	10'-0"	3'-10"	Yes*
Rear	20'-0"	34'-6"	Yes
<u>Floor Area Ratio</u> (Maximum)	0.50	0.52	Yes**
<u>Building Height</u> (Maximum)	None, but special finding is required.	68'-11"	Yes***
<u>Landscaping</u>	Required front and street side yard area	Front and street side yard area	Yes

	Standard	Proposed	Complies?
*With approval of a Variance			
**With approval of a Conditional Use Permit			
***If the Planning Commission can make the following findings: (1) the proposed development will generate low peak-hour traffic; and (2) will not create a dominating visual prominence. This is discussed in greater detail in Resolution 15-006 (Attachment A).			

The project complies with all development standards for the Industrial Park Zoning Designation with the exception of the interior setback, the Floor Area Ratio (FAR), and the maximum building height. The interior setback requirement for the Industrial Park Zoning District is a minimum of ten feet (10'-0"). The project proposes an interior setback of three feet and ten inches (3'-10"). In order to allow for this interior setback, a Variance must be approved. This project is a candidate for a Variance because of an unusual and irregular property line.

The project proposes a Floor Area Ratio of 0.52 when the Industrial Park Zoning Designation has a maximum allowance of 0.50. The Floor Area Ratio can be increased through the approval of a Conditional Use Permit. In regards to the maximum building height, the Industrial Park Zoning Designation does not have a maximum building height requirement, however, any building that exceeds three (3) stories or thirty-five feet (35'-0") in height requires the approval of a Conditional Use Permit and special findings made by the Planning Commission.

Findings for the Variance and Conditional Use Permit are discussed further in Attachment A (Resolution 15-005).

Site & Architectural Design

The front of the proposed hotel building is oriented inward to the site facing east towards the proposed onsite vehicle circulation and parking area. The rear of the building will face Cadillac Court and the side will face Fairway Way. The site exterior will receive all new landscaping, including several trees within the parking area to provide shading and mitigate any potential heat island effect. The landscaping has also been designed to screen on-site parked vehicles from the public street and to provide consistency with the surrounding business park.

The proposed hotel building incorporates a variety of architectural features such as: front and rear tower elements with a dark granite tile and with a smooth stucco finish, stone veneer; a porte-cochere for the front entryway; an awning for the meeting room/pre-function area; cornice treatment throughout the building exterior (Condition of Approval 1#7(B)); and various band and trim elements. The proposed project includes decorative pavers and concrete accent treatment for the hotel's main entryway, pool and spa areas.

The proposed 4-story hotel measures approximately sixty-nine feet (69'-0") in height to the top of the parapet and has been architecturally designed in mass, detail, material, and color to be compatible with the adjacent surrounding business park industrial buildings.

Landscaping

The project proposes to remove twelve (12) protected trees and six (6) non-protected trees, totaling eighteen (18) trees for removal. As stated in Section X-2-7.01-1 of the MMC, a protected tree is one that measures 37 inches or greater in circumference (measured four and a

half (4'-6") from the ground). As identified in the Background section, the tree removal was previously approved at the Planning Commission Subcommittee. As a Condition of Approval, the protected trees will be mitigated to a 3:1 replacement ratio and the non-protected trees will be mitigated to a 2:1 replacement ratio on site as contained within the proposed landscape plan.

The proposed project includes street frontage improvements along Cadillac Court and Fairview Way by installing a four-foot (4'-0") wide landscape parkway strip, a six-foot (6'-0") linear sidewalk, and landscaping between the back of sidewalk and hotel building. The proposed landscaping includes nine (9) different tree types, nineteen (19) types of scrubs, and groundcover, ten (10) types of bio-retention plant material, and four (4) types of potted plants. Staff has included a Condition of Approval requiring Brisbane Box as the street tree for the public street frontage. The Brisbane Box shows resilience to disease and pests and has a very high tolerance to drought. The proposed landscaping is in compliance with the City's water efficient landscaping ordinance (Ord. 238).

Parking

The Project requires a total of 152 parking spaces based on the table below:

Table 2: Summary of Parking Standards

Use	# of rooms/# of seats/Sq. Ft.	Parking Ratio	Required Parking
Guest rooms	128 rooms	1 parking space per guest room	128 spaces
Meeting room	82 seats	1 parking space per 4 seats	21 Spaces
Board room	12 seats	1 parking space per 4 seats	3 Spaces
Employee parking	8 employees	1 per employee	8 Spaces
Total number of parking spaces required			160 Spaces
Total number of parking spaces provided			164 Spaces

The project provides a total of 164 surface parking spaces to meet this requirement. Of those 164 spots, 95 of them are standard stalls, 46 stalls are existing, 5 stalls are handicap, 1 is a van handicap stall, 1 stall is an electrical vehicle charging station, and 16 are clean air/vanpool stalls.

Access & Circulation

The site is located in close proximity to Interstate 880. The main point of access to the area is through California Circle. The site will be accessed from Cadillac Court and Fairview Way. The Fairview Way access is also a shared access to the Industrial uses located to the south of the site. Onsite circulation has been reviewed by staff to ensure ample access for Fire and Solid Waste.

The existing street frontage pavement is in poor condition from California Circle to the end of the site's shared driveway off Cadillac Court. In addition, the City's Traffic Engineer performed a survey for the area to access the Average Daily Traffic (ADT). The ADT for Fairview Way (part of the project frontage) for current traffic conditions from Monday through Sunday is 1,503 trips. The projected weekday trip rate for each hotel room is 8.92 trips and the projected hotel weekday trips is 1,151, based on Institute of Transportation Engineers (ITE) standards. Based on this information, staff has conditioned the project to wedge grind and place one and a half foot (1'-6") of AC overlay on the full width from Fairview Way shared driveway to the Cadillac Court

shared driveway. This condition is required due to the current condition of the road and anticipated project-related construction and use traffic.

Bicycle Parking

The project proposes an outdoor eight (8) capacity bike rack at the front of the building. The proposed bicycle rack will be a tubular wave design.

Grading, Drainage and Stormwater

The proposed project site will be raised one foot (1'-0") above grade and all necessary portions of the property will be flood proof to comply with local ordinance and FEMA requirements. The City's Flood Ordinance requires that the finished floor be one foot (1'-0") above the Base Flood Elevation (BFE). The proposed project is incorporating fourteen (14) bio-retention areas as a storm water treatment measure, consistent with City requirements.

Utilities

Solid Waste

The project includes a new trash enclosure located to the southeast portion of the project site in the parking lot and towards the eastern portion of the property. It is approximately 315 square feet and the color and materials will match the proposed building. The applicant is anticipating waste collection two (2) times a week normally and three (3) times a week when the hotel is fully occupied. The applicant is proposing to have three (3) refuse bins, each containing a capacity of three (3) cubic yards, and one (1) recycling bin, containing a capacity of three (3) cubic yards. Based on the preliminary solid waste generation calculation, the proposed use is expected to generate six (6) cubic yards of refuse and eight (8) cubic yards of recycling.

Conditional Use Permit-FAR & ABC Licensing

Floor Area Ratio (FAR)

As identified in Table 3, the project exceeds the maximum allowed FAR for the Industrial Park (MP) Zoning Designation. As stated in Section XI-10-2.03 of the Milpitas Municipal Code, increase above the maximum allowed FAR can be accommodated through the approval of a Conditional Use Permit. However, the project must demonstrate compliance with the following two items. The proposed development will generate low peak-hour traffic and the proposed development will not create a dominating visual prominence.

Analysis

Based on the Trip Generation Analysis conducted, the project generates approximately 49 AM trips and 51 PM trips. The trip generation for the proposed hotel is greater than the existing use. However, the project site has been vacant for some time. According to the Milpitas General Plan, the Level-of-Service (LOS) basic standard is LOS E. LOS E implies that there are significant approach delays and average travel speeds of 1/3 the free-flow speed or lower. Based on the Traffic Impact Analysis study submitted for the recently approved i-Star residential project (located at 1210 California Circle), the studied intersection within the project vicinity would continue to operate at an acceptable LOS D.

Table 3: Roadway LOS**Existing Plus Project Intersection Levels of Service**

Study Number	Signalized Intersections	Peak Hour	Existing		Existing + Project			
			Avg. Delay	LOS	Avg. Delay	LOS	Incr. In Crit. Delay	Incr. In Crit. V/C
1	McCarthy Blvd and Dixon Landing Rd	AM	20.5	C	20.7	C	0.3	0.002
		PM	13.7	B	13.7	B	0.1	0.001
2	I-880 SB Ramps and Dixon Landing Rd	AM	11.9	B	11.9	B	0.0	0.001
		PM	9.0	A	9.4	A	0.6	0.001
3	I-880 NB Ramps and Dixon Landing Rd	AM	15.5	B	16.2	B	0.9	0.010
		PM	28.7	C	29.3	C	1.2	0.013
4	Milmont Dr and Dixon Landing Rd	AM	42.5	D	42.5	D	0.0	0.000
		PM	26.1	C	26.5	C	0.9	0.013
5	Milpitas Blvd and Dixon Landing Rd	AM	41.9	D	41.9	D	0.0	0.002
		PM	39.3	D	39.3	D	0.0	0.001
6	California Circle and I-880 NB Ramps	AM	10.9	B	11.1	B	0.6	0.013
		PM	13.0	B	13.2	B	0.3	0.012

Table prepared by Hexagon Transportation Consultants (Dated July 2014).

ABC Licensing

The applicant is requesting a Type 70 On-Sale General Restrictive Service which authorizes the sale or furnishing of beer, wine and distilled spirits for consumption on the premises to the establishment's overnight transient occupancy guests or their invitees. This license is normally issued to "suite-type" hotels and motels, which exercise the license privileges for guests' "complimentary" happy hour. Minors are allowed on the premises.

The sale of alcohol in the State of California is regulated by the Alcoholic Beverage Control Act (California Business and Profession Code Sections 23000-25762). The California Department of Alcoholic Beverage Control is required to deny an application for a license if issuance of the license would result in or add to an undue concentration of licenses in a particular area, unless the local governing body finds that it would serve the public convenience or necessity. An undue concentration is defined under Business and Profession Code Section 23958.4 as an area where: (a) there is a crime reporting district that has a 20% greater number of reported crimes than the average of all crime reporting districts in the jurisdiction or (b) the ratio of retail licenses of the type applied for, to the population in the census tract or census division exceeds the ratio for the county in which the applicant premises are located.

According to the Department of Alcohol Beverage Control, the project does not fall within an undue concentration area for liquor licenses. The project is located in Census Tract No. 5045.06 which authorizes three (3) off-sale permits (off-site consumption) and seven (7) on-sale permits (on-site consumption). Current there are four (4) Type 41 On-Sale Beer and Wine (Restaurants) and two (2) Type 20 Off-sale Beer and Wine (Package Stores). Staff has included the following conditions to ensure public health and safety:

- Responsible Alcohol Training - Permittee shall be solely responsible and liable for ensuring that all employees receive "Responsible Alcoholic Beverage Service" training as offered through programs established by the Alcoholic Beverage Control of the State

of California. Evidence of such training and the training records of all employees shall be maintained on-site during business hours, and made available for copy and inspection upon City request. (P)

- Alcoholic Beverage Control Licensing - Permittee shall at all times comply with all applicable State laws applicable to the sale of alcohol including any California Department of Alcoholic Beverage Control licensing requirements for the sale of alcohol. (P).

Green Building

As required by the Cal Green (Building) Code, the Milpitas Municipal Code and the Climate Action Plan, the proposed hotel building will be LEED Silver certified and this will be verified at building permit stage.

FINDINGS FOR APPROVAL

A finding is a statement of fact relating to the information that the Planning Commission has considered in making a decision. Findings shall identify the rationale behind the decision to take a certain action. Staff has found that the proposed project is consistent with the General Plan, Zoning Ordinance, and all required Findings. The findings for approval are discussed in detail in Attachment A (Resolution 15-005).

Urgency Ordinance (240.2) Exception Request

On August 26th 2014, the City Council adopted Emergency Ordinance 240.2, which implemented additional water use restrictions. The Ordinance states that the use of potable water for the installation for new landscaping, decorative fountains and new swimming pools is prohibited (Section 5.03-5.06). However, the Ordinance allows exceptions to be granted at the discretion of the City Council (Section 5.08). Staff supports this exception request because the area is not served by reclaimed water and therefore must use potable water for all irrigation, decorative water features, and swimming pools which are all necessary components of a successful hotel operation.

ENVIRONMENTAL REVIEW

Staff conducted an environmental assessment of the project in accordance with the California Environmental Quality Act (CEQA). The project is categorically exempt from further CEQA review under Section 15332 of the CEQA Guidelines, In-Fill Development Projects because the project meets the conditions described in this section based on the Findings of Approval and subject to the Conditions of Approval in Attachment A.

- a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
- b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounding by urban uses.
- c) The project site has no value as habitat for endangered, rare or threatened species.
- d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
- e) The site can be adequately served by all required utilities and public services.

The Air Quality and GHG Emissions report, Biological Resources report, and Phase I report prepared by various consultants (Illingworth & Rodkin, Inc., H.T. Harvey & Associates, and AEI Consultants respectively) indicate that the proposed project will not have a significant effect on the environment. The Biological Resources report states that the project site does not provide a suitable habitat for any special-status plant species and it would be unlikely for burrowing owls to locate on the site, concluding that the project site has no significant value as a habitat for endangered, rare, or threatened species. However, the Biological Resources report also stated squirrels can locate on the site at any time and thus the applicant has incorporated those measures into the project (Attachment D).

The City's transportation engineer performed an initial calculation to determine the peak-hour trips to be generated for this use, utilizing Institute of Transportation Engineers (ITE) standards as a resource. The results showed that the proposed use will generate less than one hundred (100) peak hour trips, thus not triggering the need for a Traffic Impact Analysis. In regards to the noise, the project site is surrounded by industrial park parcels and as stated in the General Plan (Noise Element), the acceptable decibel (dB) for a lodging use is 65 dB while the acceptable decibel for office buildings is 70 dB, therefore, the project will not result in any significant effects relating to noise. The Air Quality and GHG Emissions report prepared by Illingworth & Rodkin indicates that this project will not have a significant impact on the environment with the implementation of the Construction Best Management Practices (BMP). The project has incorporated these measures into the project (Attachment D). In regards to the water quality, the project incorporates stormwater control measures and Best Management Practices to protect the City's system from contamination.

Lastly, the proposed project is consistent with the General Plan Designation, Zoning Designation, all applicable general plan policies and all zoning regulations as discussed above and the project site is 3.29 acres within City limits. The City's utility Engineering Section has determined that the site can be adequately served by all required utilities and public services.

PUBLIC COMMENT/OUTREACH

Staff provided public notice the application in accordance with City and State public noticing requirements. At the time of publishing this report, there has been one public request for applicant contact information. A notice was published in the Milpitas Post on January 30, 2015 (Two Fridays before the meeting). In addition, 594 notices were sent to owners and occupants within 1,000 feet of the project site. A public notice was also provided on the project site, on the City's Website, www.ci.milpitas.ca.gov, and posted at City Hall.

CONCLUSION

In conclusion, the proposed project is consistent with the policies and guiding principles outlined in the General Plan and Climate Action Plan and satisfies the requirements specified in the Municipal Code. The proposed use will contribute towards City's economic development goals and provide necessary public infrastructure improvements (as conditioned).

RECOMMENDATION

STAFF RECOMMENDS THAT the Planning Commission:

1. Open the Public Hearing to receive comments;
2. Close the Public Hearing; and
3. Adopt Resolution 15-006 recommending to the City Council approve the Site Development Permit No. SD14-0016, Conditional Use Permit No. UP14-0017, and Variance No. VA14-0001 to construct a new 128-room, four-story hotel with various site improvements on a 3.29 acre site, and to allow the hotel use, an FAR increase, and a deviation from the setback requirements, subject to the findings and Conditions of Approval.

ATTACHMENTS

- A: Resolution 15-006
- B: Project Plans
- C: Renderings
- D: Project description/Hotel operations/BMP and construction measures
- E: Air Quality/GHG Report
- F: Biological Resources Report